

Memorandum



Date: July 24, 2007
To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

Agenda Item No. 14(A)(15)

From: George J. Burgess
County Manager

Subject: Resolution Authorizing the Termination of Negotiations with Jubilee Community Development Corporation

RECOMMENDATION

It is recommended that the Board of County Commissioners (Board) approve the attached resolution terminating negotiations for joint development between Miami-Dade Transit (MDT) and Jubilee Community Development Corporation (Developer). The City of Hialeah is proposing to build an elderly residential project on the Okeechobee site; MDT staff will commence negotiations with the City upon approval by the Board of this termination.

SCOPE

This agenda item has a direct impact to Commission District 13, however, the issue of affordable elderly housing is one of countywide significance.

FISCAL IMPACT/FUNDING SOURCE

This item will have a positive fiscal impact. Either the County will be receiving lease payments or purchase payment based on Fair Market Value (FMV) of the property as appraised by a County approved independent appraiser. These funds will be applied towards MDT's deficit reduction plan.

TRACK RECORD/MONITOR

The MDT project manager for this development is Frank Talleda, Chief, Joint Development and Leasing.

BACKGROUND

On November 6, 2001, the Board, adopted Resolution No. R-1251-01 authorizing the advertisement and issuance of Request for Proposal (RFP) No. 311 for joint development at Metrorail Stations, including the Okeechobee Metrorail Station. On January 29, 2002, the Board adopted Resolution R-100-02, which suspended the solicitation process for the Okeechobee Station and directed the County Manager to enter into negotiations with the developer, Jubilee Community Development Corporation. As part of the resolution, Jubilee was required to conduct a competitive process in order to acquire a development partner and as a result of that competitive process, Gatehouse Group, Inc. was chosen.

The Developer and County have negotiated this project during the past 60 months. A summary of the negotiations is attached hereto as Exhibit A. In spite of these efforts, the parties have been unable to reach a mutually acceptable agreement that would guarantee that the project would be completed in a timely basis.

Miami-Dade County recently received an unsolicited proposal from the City of Hialeah wherein the City is proposing to build an elderly residential project consisting of 3 residential towers of approximately 345 units collectively and space for commercial uses. Correspondence from the City of Hialeah is attached. Upon termination of negotiations with Jubilee, MDT will enter into discussions with the City to assist in the development of a project and negotiation of a lease agreement which will be brought back to the Board for consideration.


Assistant County Manager

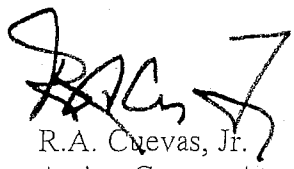


MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

DATE: July 24, 2007

FROM: 
R.A. Cuevas, Jr.
Acting County Attorney

SUBJECT: Agenda Item No. 14(A)(15)

Please note any items checked.



"4-Day Rule" ("3-Day Rule" for committees) applicable if raised

6 weeks required between first reading and public hearing

4 weeks notification to municipal officials required prior to public hearing

Decreases revenues or increases expenditures without balancing budget

Budget required

Statement of fiscal impact required

Bid waiver requiring County Manager's written recommendation

Ordinance creating a new board requires detailed County Manager's report for public hearing

Housekeeping item (no policy decision required)

No committee review

2

Approved _____ Mayor

Agenda Item No. 14(A) (15)

Veto _____

07-24-07

Override _____

RESOLUTION NO. _____

RESOLUTION TERMINATING NEGOTIATIONS WITH JUBILEE
COMMUNITY DEVELOPMENT CORPORATION FOR THE
DEVELOPMENT OF THE OKEECHOBEE ROAD METRORAIL
STATION

WHEREAS, on January 29, 2002 the Board of County Commissioners authorized the County Manager to enter into negotiations with Jubilee Community Development Corporation for the construction of elderly housing at the Okeechobee Metrorail Station; and

WHEREAS, extensive negotiations have not resulted in a mutually acceptable agreement; and

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying Manager's Memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby authorizes the County Mayor or his designee to terminate negotiations with Jubilee Community Development Corporation.

The foregoing resolution was offered by Commissioner
who moved its adoption. The motion was seconded by Commissioner
and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman	
Barbara J. Jordan, Vice-Chairwoman	
Jose "Pepe" Diaz	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Joe A. Martinez	Dennis C. Moss
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 24th day of July, 2007. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF COUNTY
COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency BJ

Bruce Libhaber

Summary of Negotiations Okeechobee Metrorail Station

On November 6, 2001, the Board of County Commissioners (the Board), adopted Resolution No. R-1251-01 authorizing the advertisement and issuance of Request for Proposal (RFP) No. 311 for joint development at Metrorail Stations, including the Okeechobee Metrorail Station. On January 29, 2002, the Board adopted Resolution R-100-02, which suspended the solicitation process for the Okeechobee Metrorail Stations and directed the County Manager to enter into negotiations directly with Jubilee Community Development Corporation (the Developer). As part of this resolution, Jubilee was required to have a competitive process when acquiring a development partner. After a year long competitive process, Gatehouse Group, Inc. was chosen on January 29, 2003 as Jubilee's development partner.

On August 5, 2003, the County Manager appointed a Negotiation Committee and negotiations commenced. Concurrently, the Developer began working with MDT and the Planning Department to put together a development concept as well as also meeting with the City of Hialeah to discuss their plans for the area and to solicit the City's support. On August 29, 2003, MDT commissioned an appraisal of the Okeechobee Metrorail Station site. That appraisal resulted in an estimated FMV of \$3.2 million. At the time, the Developer proposed to the City of Hialeah the following:

- three buildings collective having approximately 400 residential units
- Amenities including function room, fitness center, library, outdoor recreation facilities, and landscaped gardens.

The City of Hialeah was not supportive of with that proposal and expressed the following concerns:

- the plan was basically residential and lacked a mixed use component
- housing at this station site without other uses would create an isolated enclave
- it would be difficult to find viable businesses to go there
- the project lacked sufficient parking
- a market study and analysis of the surrounding area needed to be performed

The Developer asked the City of Hialeah and MDT to allow them an opportunity to work on a new plan taking into consideration the City's concerns. On December 15, 2004, the Developer proposed the following:

- 12 story housing development comprising 245 residential units
- 2 story parking garage
- Undeveloped parcel for future use

The City of Hialeah again raised concerns regarding the relative size and uses of the project. It was the opinion of the City of Hialeah that the project was:

- too high and out of scale for the neighborhood
- it is isolated within an industrial area
- The City wanted a more integrated project, with residential, civic and commercial uses.
- The City wanted to see a complete development concept and not one with an empty parcel for a possible future structure

EXHIBIT "A"

The Developer advised the City of Hialeah and MDT that they were not mixed-use developers but primarily an affordable housing developer. On May 20, 2005, the Negotiation Committee advised the Developer that negotiations must be completed by October 1, 2005 because Miami-Dade County as well as the City of Hialeah had a great need and desire to bring this project to fruition. On July 10, 2005, after repeated requests for an update by MDT, the Developer advised MDT that they were evaluating the financial and practical viability of the proposal discussed with the City of Hialeah and would need another 60-90 days, at which time they would contact MDT to review their options.

On October 1, 2005, the Developer advised MDT that additional time would be needed because they were working on a proposal that addressed the concerns of the City of Hialeah. The Negotiation Committee and MDT agreed to allow the Developer additional time. Concurrently, the Developer went through the County's Rapid Transit Developmental Impact Committee process (RTDIC), which is the County's process for establishing the zoning overlay for Metrorail sites within the Rapid Transit Zone (RTZ).

Upon the understanding and commitment of the Developer to purchase the Okeechobee Metrorail Station site, MDT commissioned another Appraisal and review in accordance with Federal Transit Administration (FTA) guidelines. MDT, Public Works and the Planning Department continued to assist the Developer in preparing and creating conceptual drawings and site plan. The Developer proposed building 3 residential towers collectively having 346 units with supportive retail (cafeteria, drycleaners, etc.) and amenities including but not limited to function room, fitness center, library, outdoor recreation facilities, and landscaped gardens. The City of Hialeah agreed to the concept if the Developer would expedite the terms with the County and construction of the project.

After review by the City of Hialeah and MDT, with the understanding of the need to expedite the project and the agreement of the Developer, the City of Hialeah and MDT agreed to move forward. On July 11, 2006, MDT's second appraisal of Okeechobee Metrorail Station site was completed and the FMV was established at \$4.8 million (\$1,054,229/acre) for the 4.61-acre site. MDT notified the Developer of the appraised value but the Developer disagreed claiming that the appraisal was flawed. The Developer advised MDT that he would seek his own appraisal and to meet afterwards to discuss any differences. MDT agreed and advised the Developer that he would be proceeding at his own risk and cost.

On September 27, 2006, the RTDIC approved the Developer's proposed standards. On November 14, 2006, the City of Hialeah approved and adopted the Developer's proposed development standards making their standards the zoning code overlay for the Okeechobee Metrorail Station Site. On December 10, 2006, the Developer provided MDT with their appraisal, which appraised the Okeechobee site at \$3.615 million (\$926,923/acre) for developable 3.9-acre site. The Developer expressed to develop less than what was originally anticipated. MDT's appraisal was adjusted to \$4,111,000 to reflect the 3.9 acres, which the Developer wanted to build on. Still the Developer took exception to the price and advised that he could not build affordable housing for that cost. FTA regulations allow in instances where there exist conflicting appraisals for the parties to negotiate a fair market price between the two appraised values. The Negotiation Committee and the Developer agreed on the purchase price of \$3.8 million for 3.9 acres.

Throughout the negotiations process, three material issues of contention existed.

- Lack of sufficient guarantees that the project will be completed timely and in substantial compliance to what has been proffered

EXHIBIT "A"

- The Developer's plan to have 3 phases built over 8-10 years
- No financing plan for the project

MDT has requested from the Developer a guarantee that the project will be completed timely and in substantial compliance as be contemplated. The Developer has refused to do so because he has no guarantees that he will get the necessary financing through the Housing Tax Credits program. Housing Tax Credits are a lottery system; however, in order to be eligible for the Tax Credit lottery, a Developer must score a perfect score on his application for Tax Credits. The only guarantee the Developer was willing to provide in the event of default to the County would be to relinquish possession of the Okeechobee site back to the County. MDT could not agree to such terms because the Developer could hold onto the property indefinitely while continuing to try to acquire Tax Credits. In the meantime, the County would not receive the affordable elderly housing units and no additional ridership and revenues would be generated.

Miami-Dade County and the City of Hialeah have an urgent need for affordable housing especially for elderly affordable housing. The Developer proffered to begin building this project in approximately 3-4 years. Throughout these negotiations, it has been made clear to the Developer that the length of time it has taken to try to bring this project to fruition was unacceptable, however, the process has been allowed to continue at the repeated requests of the Developer only and their continued promise to comply with the City's and County's needs. The Developer's proffered development period of 3-4 years to begin construction is too long in the future to wait for the much-needed elderly affordable housing.

The Developer also offered to divide the Okeechobee Metrorail Site into 3 distinct and separate parcels independent of one another. He would try to finance and close on each parcel separately while tying up the other parcels in the interim with no revenues to the County for them holding the property. MDT objected to that proposal because

- The process to divide Okeechobee Metrorail Site in to 3 separate folios would add another 2-3 years to the project before any construction actually taking place
- The remaining parcel would be devalued because of being divided as the parcel is worth more as a whole. If the Developer builds one phase but defaults and is not able to build the remaining phases, the value of the remaining parcel's FMV would be less.
- MDT would be required to rebid the remaining parcel adding additional delay to the completion of the project.

After much discussion with the Developer regarding MDT's concerns and with the assistance of the Office of Economic Development, MDT and the Developer agreed in concept to the outstanding issues. Because of these negotiations, the developer has agreed to purchase the property at the agreed fair market value of \$3.8 million. Upon BCC approval and expiration of the Mayor's Veto period, the developer would pay Miami- Dade County a down payment of \$750,000. The Developer would apply for Tax Credit Financing by February 08 and if awarded, closing and construction, including preconstruction work, should begin later that year. Should the developer not get Tax Credit Financing in the upcoming cycle through no fault of his own (receiving a perfect score on the application but not chosen through the lottery system), we have agreed to allow the developer another opportunity to apply for that following year's Tax Credit Financing cycle (FY09). Should the developer not be successful, again through no fault of his own, the developer will apply through OCED for SHIP, HOME money.

EXHIBIT "A"

The Developer was asked by MDT to draft a contract for sale encompassing the conceptual terms listed above. On June 6, 2007, MDT received a draft sale contract from the Developer, which did not comply with the terms of the conceptual agreement. The Developer agreed to pay Miami-Dade County an upfront payment of \$750,000 following the passing of a resolution by the BCC and after the Mayor's veto period. The draft contract calls for \$250,000 per phase to be paid at the time of closing of each individual phase. Phase 1 is contemplated for 2010 according to the draft. This is contrary to what was agreed by all the parties. MDT feels that this is too far in the future to wait considering the current need for elderly affordable housing.

The Negotiation Committee and MDT have allowed the Developer every opportunity to bring forth a development project that would serve the community in a timely manner, however, at every opportunity the Developer has failed to do so. The Negotiation Committee has been negotiating in good faith with the Developer for 60 months without success. The City of Hialeah on June 15, 2007 sent a letter of intent declaring their interest in developing the Okeechobee Metrorail site as affordable elderly housing. Furthermore, the City of Hialeah advised in their letter that funding is currently available for this project and construction can commence without further delay.

Julio Robaina
Mayor

Esteban Bovo
Council President

Carlos Hernandez
Council Vice President



Council Members

Jose F. Caragol
Vivian Casals-Muñoz
Luis Gonzalez
Cindy Miel
Jose Yedra

City of Hialeah

June 15, 2007

Mr. Frank D. Talleda
Chief, Joint Development & Leasing
Miami-Dade Transit
Stephen P. Clark Center
111 NW First Street, Suite 910
Miami, Florida 33128-1999

Dear Mr. Talleda:

The City of Hialeah proposes to develop the Okeechobee Station Site as an elderly housing development. The City suggests that Miami-Dade County and the City of Hialeah enter into a 99-year lease to utilize the land for this purpose. The City would construct approximately 345 units for the elderly in phased development (three phases coinciding with the construction of each of three towers or buildings).

The project would be financed as follows: GOB funds and affordable housing funds provided by Miami-Dade County and third-party financing through a financial institution for the balance of the project funds. The City intends to receive income through 100 to 200 Section 8 vouchers to be furnished by the Hialeah Housing Authority for one bedroom/one bath units for the initial development phases. The City does not foresee any significant departure from the concept of the most recent proposed site plan, although the City may create more square footage for commercial space.

I hope this letter will provide you with the conceptual framework that you requested.

Very truly yours,

William M. Grodnick
William M. Grodnick

cc: Mayor Julio Robaina
Frederick H. Marinelli, Director
Grants and Human Services Department

Raul L. Martinez Government Center
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JUN 18 2007